GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:51
ANSWERED ON:22.02.2013
CRITERIA FOR EDUCATION LOAN TO BPL
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Will the Minister of FINANCE be pleased to state:

(a) the criteria adopted and quantum of educational loans disbursed to the students belonging to the General, Scheduled Caste (SC), Scheduled Tribe (ST), Other Backward Caste (OBC), Below Poverty Line (BPL) and Minority communities by the Public and Private Sector Banks during each of the last three years and the current year, State-wise, bank-wise, category-wise;

(b) whether the Government is considering to dispense with the condition/ requirement of taking any guarantee/surety for advancing education loans;

(c) if so, the details thereof and if not, the reasons therefor;

(d) whether the Government has taken note that the students are unable to raise educational loans due to complex and lengthy process of documentation; and

(e) if so, the details thereof along with the steps taken/being taken by the Government to simplify the process for raising educational loans and to redress the grievances of the students in this regard?

Answer

(MINISTER OF STATE IN THE MINISTRY OF FINANCE) (SHRI NAMO NARAIN MEENA)

(a): Indian Banks' Association (IBA) has circulated a Model Educational Loan Scheme to its member banks which covers all students including students belonging to the General category, Scheduled Caste (SC), Scheduled Tribe (ST), Other Backward Caste (OBC), Below Poverty Line (BPL) and Minority communities.

As per information maintained by Reserve Bank of India, details of education loans by the Public and Private Sector Banks, Bank-wise as on last reporting Friday of March, 2010, 2011 and 2012 including loans to SCs/STs and State-wise as on last reporting Friday of March, 2010, 2011 and 2012, are given at Annexure-I and Annexure-II respectively.

(b) and (c): No Madam. As per IBA's revised Model Educational Loan Scheme the educational loans upto Rs.4 lakh are collateral free. For loans above Rs.4 lakh, collateral security in the form of suitable third party guarantee is taken and for loans above Rs.7.5 lakh, tangible collateral security of suitable value acceptable to bank is required.

(d) and (e): The Model Educational Loan Scheme is modified from time to time by IBA keeping in view the changing needs of the students. The last such revision was made in September, 2012. The educational loans outstanding of Public Sector Banks have been increasing over the years. It has increased from Rs.19,844 crore as on last reporting Friday of March, 2008 to Rs.46,740 crore as on last reporting Friday of March, 2012.